APPENDIX V.

[Vide answer to starred question No. 90, asked by Sri C. N. Muthuranga Mudaliar at the meeting of the Legislative Council held on the 20th November 1948, page 206 supra.]

(a) *Rate of interest charged on the ultimate borrower.*—The rate varies from district to district and is not the same for all societies in the districts of Anantapur and Cuddapah. The rates of interest are as below—

Name of the district.		Lending rate of primary societies.
1 Anantapur	..	6-1/4 to 9 per cent.
2 Bellary	..	$7\frac{1}{2}$ per cent.
3 Cuddapah	..	7 to $7\frac{1}{2}$ per cent.
4 Chittoor	..	6-1/4 per cent.
5 Kurnool	..	6-1/4 per cent.

Rate at which the District Banks borrow from the Provincial bank—3 per cent.

(b) No information is readily avail ble regarding the private money-lenders' rate of interest. In its report, the Rayalaseema Co-operative Enquiry Committee has, however, stated as follows:—

"In the course of our tours we discovered that in several areas private money lenders were actually charging less than 6 per cent to agriculturists who took loans from them."

(c) The Rayalaseema Enquiry Committee has recommended that the rate of interest on loans to borrowers in agricultural credit societies should not exceed $4\frac{1}{2}$ per cent and that the Central Land Mortgage Bank should reduce the lending rate to enable the borrower to get long-term loans at not more than 4 per cent. The Registrar of Co-operative Societies submitted a scheme in November 1947 for the payment of subsides to the Central Banks and to the Central Land Mortgage Bank to enable the grant of loans to agriculturists at reduced rates. The scheme was considered by a conference of co-operators in the Ceded Districts held on 16th February 1948 and it has recommended the Registrar's scheme with some alterations. The scheme is now under the consideration of the Government.

(d) & (e) A statement showing the relevant recommendations of the committee and the orders of the Government on them is appended.

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Statement showing relevant recommendations of the Rayalaseema Co-operative Enquiry Committee and Government's orders thereon.

Concessions were recommended by the Committee to the borrowing ryots in recommendations Nos. 9, 11, 12, 14, 26, 74, 102, 103, 104, 105 and 108. Recommendations Nos. 9, 11, 12, 74 and 108 extracted below are under the consideration of the Government.

Recommendation No. 9.—In view of the low economic condition of the area and the poor return from agriculture, the rate of interest on loans to borrowers in agricultural credit societies should not exceed 4½ per cent.

Recommendation No. 11.—In view of the existence of a large number of moribund, deficit and loss societies in Rayalaseema where many of the debts due by members are frozen, it is suggested that societies should scale down the debts of the members so as to be within their repaying capacity within a specified period. The application of the principles of the Agriculturists' Relief Act for scaling down debts due from members to societies is recommended.

Provision should also be made for a corresponding scaling down in the amounts due from societies to Central Banks.

Where as a result of this policy the financial position of any central bank is prejudicially affected to a serious extent, Government should make good the amount necessary for the bank to stabilize its finances.

Recommendation No. 12.—Such debts as would remain uncollected after the process of scaling down should be written off.

Recommendation No. 74.—In view of the extreme poverty of the tract, co-operative societies should be granted full exemption from the payment of registration fees in respect of documents executed by members in favour of societies and that encumbrance certificates also should be granted without charging search fees.

Recommendation No. 108.—The Central Land Mortgage Bank to reduce its lending rate to enable the ultimate borrower to get long-term finances at not more than 4 per cent.

The orders of Government on the remaining recommendations issued in G.O. No. 3570, Development, dated 5th July 1948, viz., recommendations Nos. 14, 26, 102, 103, 104 and 105 are indicated below.

Recommendation No. 14.—In the scheme for the revival of societies, the policy of denying further loans to defaulters should be avoided. After debts are scaled down and a fresh period for their repayment is fixed, the defaulters should be enabled to fulfil their revised obligations by the grant wherever possible of fresh short-term loans for cultivation purposes.

Orders of Government.—The Government accept the recommendation subject to the conditions specified by the Registrar—

(1) Default should not be wilful and should be due to reasons beyond the control of the defaulters and the 'nursing' by way of fresh finance should put the defaulter on his legs.

(2) Loans should be granted on tangible securities for a short period repayable from the next harvest.

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(3) The repaying capacity should be adequate both for the old loan and the new one to be advanced.

(4) In no case should the individual maximum credit limit be exceeded.

(5) The borrower should agree to sell his produce through the nearest sale society.

Recommendation No. 26.—During years of drought and scarcity and parallel to such relief as may be granted by the State either in the form of suspension or remission of land revenue, co-operative societies should automatically grant extension of time to their members and financing banks in their turn should grant similar extension of time to societies.

Orders of Government.—The Registrar has agreed to this recommendation subject to the modification that for the word 'automatically' used in the recommendation, the phrase 'liberally on the merits of each case' should be substituted. The Government accept this modification. The Registrar has already issued a circular to the Deputy Registrars to this effect and also indicated the guiding principles to be followed in the grant of extensions.

Recommendation No. 102—(*Land Mortgage Banks*).—It is recommended that the period for the encumbrance certificates should be limited to 12 years unless there are insuperable legal difficulties.

Orders of Government.—Both the Madras Co-operative Central Land Mortgage Bank and the Registrar consider that it is not desirable to reduce the period for which encumbrance certificates have to be obtained. The Government agree with them.

Recommendation No. 103.—With due regard to the economic condition of the tract, it is recommended that loans may be safely granted up to 75 per cent of the estimated value of wet and irrigable dry lands and 60 per cent in respect of rainfed dry lands in Rayalaseema.

Recommendation No. 104.—Loans may be granted on the mortgage of rainfed dry lands.

Orders of Government.—In view of the Registrar's report* recorded in G.O. Ms. No. 1808, Development, dated 12th April 1948, the Government do not consider that any further action is necessary on these recommendations.

Recommendation No. 105.—Biennial instalments to be fixed in the case of loans taken from the Land Mortgage Bank.

Orders of Government.—The Madras Co-operative Central Land Mortgage Bank considers that the provision for biennial instalments will only complicate the existing financial arrangements without conferring any corresponding benefit on the borrowers. The Registrar agrees with this view. The Government also agree and do not accept the recommendation.

Recommendation No. 27.—Regarding minimising overhead expenditure of societies [vide clause (*e*) of the question].

Remittances of amounts by co-operative societies to be arranged through village headmen who should be required to receive such moneys

* The Registrar's report was that where the security offered to Land Mortgage Banks consisted of wet and dry lands, the two types of lands might be in the ratio of 50 : 50 and that loans might be granted on the mortgage of rainfed dry lands in the Rayalaseema area up to 35 per cent of their value.

and remit them into Government sub-treasuries to the credit of the concerned financing bank. Such remittances to be made under triplicate chalan system, one chalan to be retained in the treasury, the second to be sent to the financing bank and the third to be with the society which will serve as a sort of advice of remittance. For this purpose financing bank to open accounts with the various sub-treasuries. 'No interest should be allowed to accrue against the borrowing society from the date of the collection being handed over to the village headmen.'

Orders of Government.—The Government do not accept the Committee's recommendation that remittances of amounts by co-operative societies should be arranged through the village headmen who should be required to receive such money and remit them into the Government sub-treasury to the credit of the financing bank concerned. As an alternative, the Government have examined the question whether it may not be possible to prescribe the scale of allowances to be drawn when remittances are made by the societies and also to lay down a set of rules as to the amounts to be remitted at a time and the periods of intervals at which remittances can be made. In this connexion, the Registrar has suggested a subsidiary by-law for adoption by the societies in order to regulate the allowances to be paid for making such remittances, but doubts whether it would be effective in actual working. The Government consider that the societies should be asked to adopt the subsidiary by-law for what it is worth. When the supervisory staff is strengthened as proposed by the Registrar, it will be one of the duties of the supervisors to see that the subsidiary by-law is observed.

APPENDIX VI.

[*Vide* answer to starred question No. 94, asked by Sri B. Bhima Rao at the meeting of the Legislative Council held on the 20th November 1948, page 212 *supra*.]

Admissions into the Agricultural Colleges.

Clause (*a*) *of the question.*—List of candidates selected for admission into the Agricultural Colleges from the districts of Rayalaseema with marks obtained by them in their group subjects—

Agricultural College, Coimbatore—*Nil.*

Agricultural College, Bapatla.

Anantapur district.

Serial number and name.	Subjects.	Marks.
(1) Narasimha Rao, V. L ..	Chemistry ..	81
	Botany ..	60
	Zoology ..	53
(2) Nagabhushanam ..	Mathematics ..	77
	Physics ..	83
	Chemistry ..	74
(3) Nawaz Khan	Chemistry ..	99
	Physics ..	88
	Natural Science ..	99